

HOUSE BILL 408

L5
HB 320/17 – ENV

8lr0611

By: **Prince George’s County Delegation and Montgomery County Delegation**

Introduced and read first time: January 24, 2018

Assigned to: Environment and Transportation

Committee Report: Favorable

House action: Adopted

Read second time: March 13, 2018

CHAPTER _____

1 AN ACT concerning

2 **Washington Suburban Sanitary Commission – Connection Pipe Emergency**
3 **Replacement Loan Program**

4 **PG/MC 103–18**

5 FOR the purpose of requiring the Washington Suburban Sanitary Commission to establish
6 a Connection Pipe Emergency Replacement Loan Program for replacement of certain
7 pipes on certain property; requiring the Program to provide for certain eligibility
8 requirements; requiring the Program to include a requirement regarding notification
9 or certification of an active leak; requiring the Program to provide for loan terms and
10 conditions, including a certain interest rate; requiring that the replacement of
11 certain pipes be performed by a plumber licensed by the Commission; prohibiting the
12 Commission from replacing certain pipes; requiring the Program to provide loans on
13 a first–come, first–served basis; prohibiting a loan made under the Program from
14 exceeding a certain amount; prohibiting a customer from receiving more than one
15 loan at a time under the Program; requiring the Program to require certain
16 customers to repay the loan through a charge on the customer’s water and sewer bill
17 or in another method determined by the Commission; prohibiting the Commission
18 from setting a charge greater than an amount that allows the Commission to cover
19 certain costs; providing that a person who acquires property subject to a certain
20 charge assumes the obligation to pay the charge; providing that each loan provided
21 under the Program is a lien against certain property and that the Commission is the
22 sole holder of the lien; requiring the Commission to record a certain lien in the land
23 records of the county where the property is located; providing that a certain lien shall
24 secure payment of a certain loan; providing that enforcement of a certain lien shall

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 be in accordance with a certain act; prohibiting a certain lien from taking priority
 2 over a certain existing lien, mortgage, deed of trust, or other security interest;
 3 prohibiting the Program from providing more than a certain amount in loans or
 4 having more than a certain amount of outstanding loans; requiring the Commission
 5 to provide a certain amount of funding in the Commission's budget for certain fiscal
 6 years; establishing a Connection Pipe Emergency Replacement Fund; specifying the
 7 purpose of the Fund; requiring the Commission to administer the Fund; specifying
 8 the contents of the Fund; specifying the purpose for which the Fund may be used;
 9 defining certain terms; providing for the termination of this Act; and generally
 10 relating to the Connection Pipe Emergency Replacement Loan Program of the
 11 Washington Suburban Sanitary Commission or the Commission's designee.

12 BY adding to
 13 Article – Public Utilities
 14 Section 23–205
 15 Annotated Code of Maryland
 16 (2010 Replacement Volume and 2017 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 18 That the Laws of Maryland read as follows:

19 **Article – Public Utilities**

20 **23–205.**

21 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
 22 **INDICATED.**

23 **(2) “FUND” MEANS THE CONNECTION PIPE EMERGENCY**
 24 **REPLACEMENT FUND.**

25 **(3) (I) “PIPE” MEANS A WATER SERVICE PIPE CONNECTION**
 26 **LOCATED ON A COMMISSION CUSTOMER’S PROPERTY THAT CONNECTS FROM THE**
 27 **COMMISSION’S SERVICE CONNECTION TO A CUSTOMER’S RESIDENCE.**

28 **(II) “PIPE” INCLUDES POLYBUTYLENE PIPES.**

29 **(4) “PROGRAM” MEANS THE CONNECTION PIPE EMERGENCY**
 30 **REPLACEMENT LOAN PROGRAM.**

31 **(B) THE COMMISSION SHALL ESTABLISH A CONNECTION PIPE EMERGENCY**
 32 **REPLACEMENT LOAN PROGRAM.**

33 **(C) THE PURPOSE OF THE PROGRAM IS TO PROVIDE LOANS TO**
 34 **RESIDENTIAL CUSTOMERS TO FINANCE THE REPLACEMENT OF MALFUNCTIONING**
 35 **PIPES.**

1 **(D) THE PROGRAM SHALL INCLUDE:**

2 **(1) ELIGIBILITY REQUIREMENTS FOR PARTICIPATION IN THE**
3 **PROGRAM, INCLUDING ELIGIBILITY REQUIREMENTS FOR:**

4 **(I) CUSTOMERS APPLYING TO RECEIVE A LOAN THROUGH THE**
5 **PROGRAM;**

6 **(II) THE TYPE OF CONNECTION PIPE THAT IS BEING INSTALLED**
7 **TO REPLACE THE EXISTING CONNECTION PIPE; AND**

8 **(III) THE TYPE OF MALFUNCTION AND PIPE REPLACEMENT**
9 **EMERGENCY THAT QUALIFIES FOR THE PROGRAM;**

10 **(2) A REQUIREMENT THAT A CUSTOMER RECEIVE NOTIFICATION OR**
11 **HAVE CERTIFICATION THAT THERE IS AN ACTIVE LEAK IN A PIPE;**

12 **(3) LOAN TERMS AND CONDITIONS, INCLUDING AN INTEREST RATE**
13 **REPAYMENT SCHEDULE AND AN ADMINISTRATIVE PROCESSING FEE;**

14 **(4) A REQUIREMENT THAT THE REPLACEMENT OF MALFUNCTIONING**
15 **PIPES UNDER THE PROGRAM BE PERFORMED BY A PLUMBER LICENSED BY THE**
16 **COMMISSION; AND**

17 **(5) A PROHIBITION ON THE COMMISSION REPLACING**
18 **MALFUNCTIONING PIPES UNDER THE PROGRAM.**

19 **(E) (1) THE PROGRAM SHALL PROVIDE LOANS TO CUSTOMERS ON A**
20 **FIRST-COME, FIRST-SERVED BASIS.**

21 **(2) A LOAN MADE UNDER THE PROGRAM MAY NOT EXCEED \$5,000.**

22 **(3) A CUSTOMER MAY NOT RECEIVE MORE THAN ONE LOAN AT A TIME**
23 **UNDER THE PROGRAM.**

24 **(F) (1) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, THE**
25 **PROGRAM SHALL REQUIRE A CUSTOMER TO REPAY A LOAN PROVIDED UNDER THE**
26 **PROGRAM:**

27 **(I) THROUGH A SEPARATE CHARGE ON THE CUSTOMER'S**
28 **WATER AND SEWER BILL; OR**

29 **(II) BY ANOTHER METHOD DETERMINED BY THE COMMISSION.**

1 **(2) THE COMMISSION MAY NOT SET A CHARGE GREATER THAN AN**
2 **AMOUNT THAT ALLOWS THE COMMISSION TO RECOVER THE COSTS ASSOCIATED**
3 **WITH:**

4 **(I) FINANCING THE LOAN; AND**

5 **(II) ADMINISTERING THE PROGRAM.**

6 **(3) A PERSON WHO ACQUIRES PROPERTY SUBJECT TO A CHARGE**
7 **UNDER THIS SECTION ASSUMES THE OBLIGATION TO PAY THE CHARGE.**

8 **(G) (1) SUBJECT TO PARAGRAPH (4) OF THIS SUBSECTION, A LOAN**
9 **PROVIDED UNDER THE PROGRAM SHALL BE A LIEN AGAINST THE PROPERTY ON**
10 **WHICH THE MALFUNCTIONING PIPE HAS BEEN REPLACED THAT CONTINUES UNTIL**
11 **THE LOAN IS PAID IN FULL TO THE COMMISSION.**

12 **(2) THE COMMISSION SHALL BE A SOLE HOLDER OF THE LIEN**
13 **ESTABLISHED UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

14 **(3) (I) THE COMMISSION SHALL RECORD A LIEN ESTABLISHED**
15 **UNDER THIS SUBSECTION IN THE LAND RECORDS OF THE COUNTY WHERE THE**
16 **PROPERTY IS LOCATED.**

17 **(II) A LIEN ESTABLISHED UNDER THIS SUBSECTION SHALL**
18 **SECURE PAYMENT OF A LOAN, INCLUDING THE PRINCIPAL, INTEREST, LATE**
19 **CHARGES, COST OF COLLECTION, AND REASONABLE ATTORNEY'S FEES.**

20 **(III) ENFORCEMENT OF A LIEN ESTABLISHED UNDER THIS**
21 **SUBSECTION SHALL BE IN ACCORDANCE WITH THE MARYLAND CONTRACT LIEN**
22 **ACT.**

23 **(4) A LIEN ESTABLISHED UNDER THIS SUBSECTION MAY NOT TAKE**
24 **PRIORITY OVER A LIEN, MORTGAGE, DEED OF TRUST, OR OTHER SECURITY**
25 **INTEREST THAT IS:**

26 **(I) ALREADY ATTACHED TO THE PROPERTY AT THE TIME THE**
27 **LIEN ESTABLISHED UNDER THIS SUBSECTION IS RECORDED; OR**

28 **(II) GIVEN TO SECURE A LOAN TO:**

29 **1. PURCHASE THE PROPERTY SUBJECT TO THE LIEN**
30 **ESTABLISHED UNDER THIS SUBSECTION; OR**

1 **2. REFINANCE A LOAN THAT IS ALREADY ATTACHED TO**
2 **THE PROPERTY AT THE TIME THE LIEN ESTABLISHED UNDER THIS SUBSECTION IS**
3 **RECORDED.**

4 **(5) THE PROGRAM MAY NOT PROVIDE, OR AT ANY TIME HAVE**
5 **OUTSTANDING, MORE THAN \$1,000,000 TOTAL IN LOANS.**

6 **(H) THE COMMISSION SHALL INCLUDE \$100,000 ANNUALLY IN THE**
7 **COMMISSION'S BUDGET FOR THE PROGRAM FOR FISCAL YEARS 2020 THROUGH**
8 **2029.**

9 **(I) (1) THERE IS A CONNECTION PIPE EMERGENCY REPLACEMENT**
10 **FUND.**

11 **(2) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING FOR THE**
12 **PROGRAM.**

13 **(3) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE FUND**
14 **SHALL BE ADMINISTERED SOLELY BY THE COMMISSION OR THE COMMISSION'S**
15 **DESIGNEE.**

16 **(4) THE FUND CONSISTS OF:**

17 **(I) MONEY APPROPRIATED BY THE COMMISSION FROM**
18 **RATEPAYER FUNDS ONLY;**

19 **(II) ANY INVESTMENT EARNINGS OF THE FUND; AND**

20 **(III) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED**
21 **FOR THE BENEFIT OF THE FUND.**

22 **(5) THE FUND MAY BE USED ONLY FOR:**

23 **(I) PROVIDING LOANS THROUGH THE PROGRAM; AND**

24 **(II) THE ADMINISTRATION OF THE PROGRAM.**

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
26 1, 2018. It shall remain effective for a period of 11 years and, at the end of June 30, 2029,
27 this Act, with no further action required by the General Assembly, shall be abrogated and
28 of no further force and effect.